

**Governors State University**  
College of Business & Public Administration



**Course Title:** ACCT 440 Audit Concepts and Standards  
**Session:** Winter Trimester 1997 [Sec. B- Ref # 204465]  
**Class Time:** Thur.: 7:30-10:20 p.m @ A 1110  
**Instructor:** Philip Karpik [Car Pick']: (Ph.D., MBA)  
**Phone No.:** (708) 534-4970 **Fax:** 708-534-8457  
**Office Hours:** Tues. & Thur.: 1:45-4:15p.m.; 1:45-4:45p.m., and by appointment

**Catalog Description:**

Deals with the standards, concepts, objectives, techniques, reports and either or both the independent and internal auditor. Special attention is given to statements on auditing standards, auditing procedures, statistical sampling, and EDP in auditing.

**Prerequisites:** ACCT301, ACCT331

**Textbook:** *Principles of Auditing*, 11th Ed. by Whittington & Pany. *GASS Guide* is recommended

**Course Objectives:**

After completing this course the student should be able to:

1. Discuss and/or describe the nature of the attest function, independent audits, and the auditing profession.
2. Describe the nature of GAAS, the attestation standards and quality control standards.
3. Explain the need for professionals to adhere to high standards of professional conduct, and describe the details of the codes of ethics that apply to both external and internal auditors.
4. Describe the legal environment of auditors, emphasizing legal liability under both common law and statutory law.
5. Understand and define the concept of sufficient competent evidential matter.
6. Explain the manner in which auditors plan an audit and design audit programs.
7. Explain the meaning and significance of internal control, the major components of the client's internal control structure, and the manner in which auditors consider internal control.
8. Describe the auditor's consideration of internal control in a computer environment.
9. Understand and explain the concepts and techniques used by auditors to perform audit sampling.
10. Explain and use audit working papers and explain the examination of general records.
11. Describe the internal controls over cash receipts and disbursements & marketable securities. Explain how the auditors design tests of controls for cash and marketable securities, and substantive tests for these accounts.
12. Describe the details of internal controls over receivables and sales, the auditor's consideration of these controls, and substantive costs of the receivables and sales account.
13. Explain auditing operations and the considerations and procedures involved in completing the audit.
14. Explain the different types of reports that auditors issue to indicate the character of their audit and the degree of responsibility they are taking.
15. Describe accounting and attestation services other than audits financial statements in accordance with GAAP.

**GRADING IS BASED ON:**

<u>Graded work</u>	<u>Percentage</u>
Quizzes & Class Work	20%
Written, project, & presentation work	20%
Exams	60%
	100%

**Quizzes**

Quizzes will be given (1) to emphasize important and difficult subject matter, and/or (2) to motivate the students to study. Under NO circumstances will there be any make-up quizzes given. If you miss class on the day a quiz is given, you will receive a grade of zero (0).

## WRITTEN WORK AND PRESENTATIONS

If written homework is to be collected, it will be due at the beginning of class. We will review homework in class. Any corrections are to be made in red ink. Homework that is collected will be worth 1 to 10 points. **NO LATE HOMEWORK ASSIGNMENT WILL BE ACCEPTED** except with a written doctors excuse. If you miss class you can turn your assignment in early, otherwise YOU can check your homework during the office hours stated earlier, but you will receive no credit for the assignment. Although homework will not be collected on a regular basis, this is no excuse for you not to do the work. Homework is an important part of learning, and the quizzes and exams will be based on the application of the concepts that the homework problems demonstrate.

Your ability to explain cases and/or problems may be graded. As well as your participation in class discussions.

## EXAMS

Exams are a means of demonstrating your ability to apply the knowledge you have learned; they are not meant to be an exercise in repeating information as it has been presented to you. Exams will be given during regular class meetings. Your graded exams will be given to you for review, but the exams will be resubmitted after the solutions have been covered in class. Every student has the right to review their exams during the office hours stated earlier.

## IMPORTANT NOTE:

ONLY UNDER EXTREME CIRCUMSTANCES WILL A MAKE-UP EXAM BE GIVEN.

If you have a legitimate reason for being unable to make one of the exams, **YOU MUST NOTIFY ME BEFORE (24 HOURS) THE EXAM.** If I accept your reason, you will receive a zero for that exam and extra weight will be put on the comprehensive final.

## STATEMENT OF REQUEST FOR REGRADING:

When your graded exam is returned, you should review the material covered, the nature of your mistakes, and check to see that your paper is graded correctly. The exam will be resubmitted after the solutions are covered in class. If you think that any part of your exam was incorrectly graded then on a separate sheet or paper explain why you think your solution or solutions are correct. Please sign your request and turn in the request (separately from your exam). The request for regrading must be given to me by the end of class on the day the exam is reviewed. This is the only time when requests for regarding will be accepted and considered. Therefore, do not ask for a regrading at the end of the semester when you might need a "few" points to earn a higher grade or to pass the class. At such a time, regrading will not be an option there will be no options.

Regrading can result in no change, more points, or LOWER points. Your request will be evaluated and you will be notified as to whether or not any change in grade will be made. At this point if you are still not satisfied with your grade please make an appointment to speak with me about your grade. Although mistakes in grading do occur and should definitely be corrected, frequently students ask for a regrading on the basis of incorrect reasoning which tends to almost compound the impact of the original mistake on the exam. Thus, please carefully evaluate your answer before making such a request and avoid the tendency to just "try for a few more points".

FINAL GRADES will be determined as follows:

<u>% of Points</u>	<u>Grade</u>	<u>Performance Level</u>
90 - 100%	A	Superior
80 - 89%	B	Above average
70 - 79%	C	Average
60 - 69%	D	Marginal
BELOW 60%	F	Failure

## Definition of Performance Levels:

- Superior:** The student can consistently and correctly apply the concepts and principles of the subject to new and unforeseen situations. Furthermore the student can explain and communicate the problem, his/her analysis, and the correct solution(s).
- Above Average:** The student can apply the concepts and principles of the subject to new situations the majority of the time and to familiar situations all the time. In addition, the students can explain and communicate the problem, his/her or the appropriate analysis of the problem, and the correct solution to the problem.
- Average:** The student can consistently explain and apply the concepts and principles of the subject to familiar situations. In addition, the student can explain and communicate the problem, the appropriate analysis of the problem, and the correct solution to the problem.
- Marginal:** The student can usually use the concepts and principles of the subject in familiar circumstances. In addition, the student can generally explain and communicate the problem, appropriate analysis of the problem, and the correct solution to the problem. Failure: the student is unable to demonstrate a level of understanding and knowledge of the concepts and principles of the subject in a consistent manner. Also, the student is unable to explain and communicate the problem, the analysis of the problem, and the correct solution to the problem.

## ACADEMIC HONESTY (as stated on page 31 of the Governors State University Catalog):

Students are expected to fulfill academic requirements in an ethical and honest manner. This expectation pertains to the following: use and acknowledgment of the ideas and work of others, submission of work to fulfill course requirements, sharing of work with other students, and appropriate behavior during examinations.

The university policy on academic honesty appears in the "STUDENT HANDBOOK."

## CLASS STRUCTURE

Generally, I will lecture on a chapter and work through problems. At the beginning of the following class period homework on that chapter will be due. We (including students) may review the homework during class, and during the remaining time, or groups of students (teams) will present assigned topics or problems, or I may lecture on the next chapter. If the class is given a reading assignment or homework assignment, you are expected to have completed that assignment prior to coming to class.

## HOW TO STUDY

Skim (unless told otherwise) the assigned chapter(s) prior to class. Attend class! If you have to miss class, you are responsible for all notes, assignments due, and assignments given for or during the class missed. While in class take notes and ask questions. Prior to the next class meeting read the assigned chapter(s). Work through the example problems and Self-Test problems given in the chapter (do not just "look" at them). Determine what you do not understand. Work all assigned homework. Do not just look at the problem and think the solution through, actually write out the answer. Ask any questions you have at the beginning of the next class meeting.

When studying for an exam, read your notes and go over the material that you did not understand. Once you believe you know and understand the material work problems. At this point, when you are working problems DO NOT look back through the book to review the problems or copy a procedure. Do not just memorize problems. You MUST understand what the problem is, how to analyze and solve it, and how to apply the solution. You must be able to communicate the problem, analysis, procedure, and/or solution.

AUDIT CONCEPTS AND STANDARDS  
Winter 1996 TUESDAY & Thursday; Thursday EVENING

(Week)	CLASS	TOPIC	ASSIGNMENTS (Ver. 1/14/97)
1.		INTRODUCTION	
2.		ROLE OF AUDITOR IN ECONOMY	1-2,20,27-33
		PROFESSIONAL STANDARDS	2-1,7,19,25-33,36
3.		PROFESSIONAL ETHICS	3-1,11,23,24,25,31
		LEGAL LIABILITIES OF AUDITORS	4-16-19,21-29
4.		AUDIT EVIDENCE	5-5,15,20,26,31
5.		PLANNING THE AUDIT	6-8,17,20,27,31,33,36
6.		INTERNAL CONTROL	7-1,23,28,30,33,36
		INTERNAL CONTROL & COMPUTERS	8-1,9,34
7.		MID-TERM EXAM.	
8.		AUDIT SAMPLING	9-2,5,6,19,32,35,46,47
		CLASS PRESENTATION OF ASSIGNED CASES	
9.		Computer Case/Project Meeting--LIBRARY RESEARCH--	
10.		AUDIT WORKING PAPERS	10-1,23,25,30
		AUDIT EVIDENCE	11-1,11,14,36
		—	12-19,25,34,37
11.		AUDIT EVIDENCE	13-20,26; 14-26,33
			15-1,26,28,31; 16-1,20,24,31
12.		AUDIT EVIDENCE“	17-1,28,33,36; 18-3,7,20,22,26
			19-5;6;24;31;39
13.		COMMUNICATIONS & FOLLOW-UP--REPORTING OTHER ATTESTATION AND SERVICES	
		FINAL DATE FOR SUBMISSION OF ALL ASSIGNMENTS AND REPORTS	
14.		FINAL EXAM.	

MEMORANDUMS: Two memos are due at different times throughout the semester. I have indicated schedule the dates by which each of the memos are due. You may submit the memos to me up to the date specified but no late memos will be accepted. The memo assignment has three purposes: 1) acquainting students with periodicals that have articles relating to the topics covered in class; 2) giving students the opportunity to develop and practice their writing skills; and 3) giving students the opportunity to develop and practice their writing skills offering a method of evaluation other than exams and formal papers.

Eight (8) requirements for the memorandum assignment:

1. Find a recent article relating to a topic that has been discussed prior to or within one week of the due date of the memo. A recent article would mean one that is not more than one year old.
2. A relevant article should either explain the topic better, be a real world example, or discuss a new development related to the course material.
3. Using your own words summarize the article by briefly explaining the main topics of the article. After reading the summary, the reader should know what the article is about and would only need to read the article to get a detailed explanation of the topic(s).
4. The memo must include a recommendation as to whether or not it would be appropriate and beneficial to add the article as part of a reading packet for the class.
5. The memo should be no more than one page, and should be the format of a business memorandum.
6. Attach a copy of the article to the back of the memorandum.
7. Make sure that the source and date of the article are included in the memo or given on the copy of the article.
8. Attach a memorandum cover page. A copy of the memorandum cover page is attached to the back of the memorandum. A copy of the cover page should be stapled to the top of the memorandum.